SENATE THIRD READING
SB 490 (Umberg)
As Amended August 21, 2026
Majority vote

SUMMARY

Requires licensed alcohol and other drug (AOD) recovery or treatment facilities (RTF) and certified AOD programs to annually report to the State Department of Health Care Services (DHCS) any money transfers they have between a recovery residence (RR). Requires DHCS to conduct a site visit for any licensed or certified facility or program affiliated with an RR that DHCS takes action against for providing services the RR is not licensed to provide, and sets specific statutory timelines for the investigation of the RR by DHCS. Authorizes DHCS to permit a county participating in the Drug Medi-Cal Organized Delivery System (DMC-ODS) to conduct a site visit of an RR which the county contracts with and has a pending allegation that DHCS can substantiate, but is not able to conclude the investigation in the specified time frame, upon the request of the county. *Adds to the notice required to be provided by DHCS to a facility providing services without a license that DHCS will conduct a follow-up site visit to determine whether the facility ceased providing services as of the date specified in the notice, unless DHCS has received sufficient evidence that the facility has ceased providing services.*

Major Provisions

COMMENTS

Prevalence of Substance Use Disorder (SUD) in California. A 2024 publication from Health Management Associates and the California Health Care Foundation titled, "*Substance Use Disorder in California — a Focused Landscape Analysis"* reported that approximately 9% of Californians ages 12 years and older met the criteria for SUD in 2022. According to the report, the prevalence of SUD among individuals 12 years of age and older increased to 8.8% in 2022 from 8.1% in 2015. While the health care system is moving toward acknowledging SUD as a chronic illness, only 6% of Americans and 10% of Californians ages 12 and older with an SUD received treatment for their condition in 2021. More than 19,335 Californians ages 12 years and older died from the effects of alcohol from 2020 to 2021, and the total annual number of alcohol-related deaths increased by approximately 18% in the state from 2020 to 2021. Overdose deaths from both opioids and psychostimulants (such as amphetamines), are soaring. This issue, compounded by the increased availability of fentanyl, has resulted in a 10-fold increase in fentanyl related deaths between 2015 and 2019. According to the Overdose Prevention Initiative, 7,847 opioid-related overdose deaths occurred in California in 2023, and preliminary data shows 5,030 opioid-related overdose deaths in 2025.

Alcohol and Drug Treatment Facility Licensing. DHCS has sole authority to license RTFs in the state. Licensure is required when at least one of the following services is provided: detoxification; group sessions; individual sessions; educational sessions; or, alcoholism or other drug abuse recovery or treatment planning. Additionally, facilities may be subject to other types of permits, clearances, business taxes, or local fees that may be required by the cities or counties in which the facilities are located.

As part of their licensing function, DHCS conducts reviews of RTF operations every two years, or as necessary. DHCS's Substance Use Disorder Compliance Division checks for compliance

with statute and regulations (Title 9, Chapter 5, California Code of Regulations) to ensure the health and safety of RTF residents and investigates all complaints related to RTFs, including deaths, complaints against staff, and allegations of operating without a license. DHCS has the authority to suspend or revoke a license for conduct in the operation of an RTF that is contrary to the health, morals, welfare, or safety of either an individual in, or receiving services from, the facility, or to the people of the State of California.

AOD Program Certification. Prior to January 1, 2025, programs were permitted to seek certification from DHCS. Under AB 118 (Committee on Budget), Chapter 42, Statutes of 2023, certification is now a requirement for many AOD programs, with exceptions for various licensed facility types, schools, jails, and prisons. Programs were required to apply for certification no later than January 1, 2024. As of March 2025, DHCS reported that it certified 1,055 outpatient facilities and 989 licensed facilities, for a total of 2,044 certified facilities. If DHCS finds evidence that a program is providing treatment, recovery, detoxification, or medication-assisted treatment services without a certification, DHCS must issue a written notice to the program stating that it is operating in violation of the law, and any person or entity found to be operating without certification may be subject to an assessment of civil penalties of two thousand ($2,000) dollars per day and will be barred from applying for initial certification for a period of five years from the date of the violation notice.

RRs. An RR is a residence for people in recovery from SUDs. It may serve as support for individuals undergoing treatment but it does not provide treatment or care, whether medical or nonmedical. The state licensing requirements that govern treatment and care facilities do not currently include RRs. An RR may be completely self-governed or have formal onsite management. When there is onsite management, the manager's duties relate to the administration of the house rather than the tenants or their recovery. The tenants of an RR pay rent and abide by house rules, which include maintenance of sobriety and participation in a self-help program. In 2016, the California Research Bureau estimated that there were at least 12,000 sober living beds, like those offered in RRs, in the state to serve an eligible population of between 25,000 and 35,000 individuals. A 2021 article "*Estimating the Number of Substance Use Disorder Recovery Homes in the United States*" estimates there are 2,432 recovery homes in California. If an RR is providing any licensable services then it must obtain a valid RTF license from DHCS, and DHCS can investigate RRs alleged to be providing services without a license.

According to the Author
This bill would establish timelines for DHCS to investigate allegations of licensed treatment at unlicensed sober living homes. If DHCS cannot meet the timelines, this bill would authorize counties to request approval to conduct site visits and enforce compliance with existing state licensing requirements.

Arguments in Support
The League of California Cities (CalCities) supports this bill stating that DHCS has often failed to conduct site visits and follow-ups to ensure illegal operations have stopped. CalCities notes that, in one example highlighted in the state audit, DHCS substantiated an allegation that an unlicensed facility was unlawfully providing services. However, the audit found no indication that DHCS followed up to verify the facility's claim that it had ceased operations, nor did it conduct a site visit to confirm compliance. CalCities argues that by setting clear timelines and expectations for investigations and follow-up, this bill improves accountability and outcomes using existing infrastructure and resources. CalCities concludes this bill empowers local

governments to partner with the state to conduct site inspections and enforce licensing laws and that this collaboration allows the state to leverage local capacity to respond swiftly to violations, ensure compliance, and better protect public health and safety.

Arguments in Opposition
The California Behavioral Health Association (CBHA) opposes this bill stating that they are concerned counties would be drawn into investigations involving private entities they may not contract with and do not regulate, despite DHCS retaining sole state authority overall alcohol and drug programs certification and residential treatment licensure. This approach risks blurring lines of authority, creating inconsistent enforcement, and diverting county behavioral health resources away from direct services deliver, network management, and core Medi-Cal responsibilities. They are also concerned that this bill's framing risks further stigmatizing recovery residences that do not provide licensable services.

FISCAL COMMENTS

According to the Assembly Appropriations Committee:

1) DHCS estimates costs of $1.2 million in fiscal year (FY) 2027-28, and $1.1 million in FY 2028-29 and ongoing (Residential Outpatient Program Licensing Fund).

2) DHCS notes it would need to increase licensing fees to implement the bill. DHCS was authorized to increase licensing fees up to 20% annually through FY 2026-27, to reach a cumulative fee increase of 75%. Additionally, DHCS states that no sooner than July 1, 2027, DHCS is authorized to increase licensing fees up to 5% annually and if DHCS proposes to increase fees beyond 5%, the increase would need to be approved by the Legislature. To support the additional staffing needed to implement this bill, DHCS states it would need to increase licensing fees by an additional 5% in FY 2027-28. DHCS states that, if the Legislature does not approve an increase in fees, DHCS will be unable to implement the requirements of this bill.

VOTES

SENATE FLOOR: 39-0-1
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
ABS, ABST OR NV: Gonzalez

ASM HEALTH: 16-0-0
YES: Bonta, Sanchez, Addis, Aguiar-Curry, Ahrens, Caloza, Carrillo, Jeff Gonzalez, Mark González, Johnson, Patel, Patterson, Celeste Rodriguez, Schiavo, Sharp-Collins, Stefani

ASM APPROPRIATIONS: 15-0-0
YES: Wicks, Hoover, Arambula, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

UPDATED

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